

**DRAFT****PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA****Telecommunications Division  
Market Structure Branch****RESOLUTION T-16940  
August 25, 2005****R E S O L U T I O N**

**Resolution T-16940. SBC California (U-1001-C). Request for Approval of an Interconnection Agreement and Supplement A between SBC California and Metropolitan Telecommunications, Inc. (U-6568-C), Pursuant to Section 252 of the Telecommunications Act of 1996.**

**By Advice Letter Nos. 26865 and 26865A Filed on June 9, 2005.**

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**Summary**

This Resolution approves an Interconnection Agreement and Supplement A submitted under provisions of Resolution ALJ-181 and G.O. 96-A. These Agreements involve SBC California (SBC) and Metropolitan Telecommunications, Inc. (Metropolitan). The Agreements becomes effective 10 days after Commission approval, and will remain in effect until August 9, 2006.

**Background**

The United States Congress passed and the President signed into law the Telecommunications Act of 1996 (Pub. L. No.104-104, 110 Stat. 56 (1996)) (1996 Act). Among other things, the new law declared that each incumbent local exchange carrier has a duty to provide interconnection with the local network for any requesting telecommunications carrier. The new law also set forth the general nature and quality of the interconnection that the incumbent local exchange carrier (ILEC) must agree to provide.<sup>1</sup> The 1996 Act established an obligation for the ILECs to enter into good faith negotiations with each competing carrier to set the terms of interconnection. Any interconnection agreement adopted by negotiation must be submitted to the appropriate state commission for approval.

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<sup>1</sup> An incumbent local exchange carrier is defined in Section §251(h) of the 1996 Act.

DRAFT

Section 252 of the 1996 Act sets forth our responsibility to review and approve interconnection agreements. On July 17, 1996, we adopted Resolution ALJ-167 that provides interim rules for the implementation of §252. On September 26, 1996, we adopted Resolution ALJ-168 that modified those interim rules. On June 25, 1997, we approved ALJ-174, which modified ALJ-168, but did not change the rules for reviewing agreements achieved through voluntary negotiation. On November 18, 1999, we adopted ALJ-178, which added pick-and-choose provisions to the rules established in ALJ-174, but again did not change the rules for reviewing agreements achieved through voluntary negotiation. On October 5, 2000, we approved Resolution ALJ-181 to require any potential Competitive Local Carrier which intends to make use of our rules to have a Certificate of Public Convenience and Necessity (CPCN), or at least have filed an application for CPCN, prior to applying for approval of an agreement.

In Decision 02-03-023 the Commission adopted a performance incentive plan that addresses performance beginning in April 2002. The performance incentive plan in this agreement is subject to that decision and any rulings or subsequent modifications of that decision.

SBC filed Advice Letter No. 26865 on June 9, 2005. This Advice Letter requests Commission approval of a negotiated Interconnection Agreement and Supplement A between SBC and Metropolitan under Section 252.

In ALJ-168 we noted that the 1996 Act requires the Commission to act to approve or reject agreements. We established an approach that uses the advice letter process as the preferred mechanism for consideration of negotiated agreements. Under Rule 4.3.3, if we fail to approve or reject an agreement within 90 days after the advice letter is filed, then the agreement will be deemed approved.

The Agreements pertaining to this Advice Letter sets the terms and charges for interconnection between SBC and Metropolitan. The Agreements provide for the following:

- Exchange of local traffic between parties with a provision for reciprocal compensation payments for call termination.
- Access to unbundled network elements;
- Access to poles, conduit and other rights of ways;
- Access to emergency services, directory assistance and call completion;
- Access to white page directory listings, customer guide pages and number resources;

DRAFT

- Access to operator services and support system services (OSS), and OSS performance measurements;
- Resale of services;
- Physical, shared space, microwave and physical collocation;
- Tandem switching between interexchange carriers and SBC's end offices.

## **Notice/Protests**

SBC states that copies of the Advice Letter, and the Agreements were mailed to all parties on the Service List of ALJ 181, R.93-04-003/I.93-04-002/R.95-04-043/I.95-04-044. Notice of the Advice Letter was published in the Commission Daily Calendar. Pursuant to Rule 4.3.2 of ALJ-181, protests shall be limited to the standards for rejection provided in Rule 4.1.4.<sup>2</sup> No protests to this Advice Letter have been received.

## **Discussion**

In November 1993, this Commission adopted a report entitled "Enhancing California's Competitive Strength: A Strategy for Telecommunications Infrastructure" (Infrastructure Report). In that report, the Commission stated its intention to open all telecommunications markets to competition by January 1, 1997. Subsequently, the California Legislature adopted Assembly Bill 3606 (Ch. 1260, Stats. 1994), similarly expressing legislative intent to open telecommunications markets to competition by January 1, 1997. In the Infrastructure Report, the Commission states that "...in order to foster a fully competitive local telephone market, the Commission must work with federal officials to provide consumers equal access to alternative providers of service." The 1996 Act provides us with a framework for undertaking such state-federal cooperation.

Sections 252(a)(1) and 252(e)(1) of the Act distinguish interconnection agreements arrived at through voluntary negotiation and those arrived at through compulsory arbitration. Section 252(a)(1) states that:

"An incumbent local exchange carrier may negotiate and enter into a binding agreement with the requesting telecommunications carrier or carriers without regard to the standards set forth in subsections (b) and (c) of section 251."

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<sup>2</sup> See below for conditions of Rule 4.1.4.

DRAFT

Section 252(e)(2) limits the state commission's grounds for rejection of voluntary agreements. Section 51.3 of the First Report and Order also concludes that the state commission can approve an interconnection agreement adopted by negotiation even if the terms of the agreement do not comply with the requirements of Part 51-- Interconnection.

Based on Section 252 of the 1996 Act, we have instituted Rule 4.3 in Resolution ALJ-181 for approval of agreements reached by negotiation. Rule 4.3.1 provides rules for the content of requests for approval. Consistent with Rule 4.3.1, each of the requests have met the following conditions:

1. SBC has filed an Advice Letter as provided in General Order 96-A and stated that the Interconnection Agreement and Supplement A are agreements being filed for approval under Section 252 of the 1996 Act.
2. The request contains a copy of the Agreements which, by its content, demonstrates that it meets the standards in Rule 2.18.
3. The Agreements itemize the charges for interconnection and each service or network element included in the Interconnection Agreement Supplement A.

Rule 4.3.3 of ALJ-181 states that the Commission shall reject or approve the agreements based on the standards in Rule 4.1.4. Rule 4.1.4 states that the Commission shall reject an interconnection agreement (or portion thereof) if it finds that:

- A. the agreements discriminates against a telecommunications carrier not a party to the agreement; or
- B. the implementation of such agreements is not consistent with the public interest, convenience, and necessity; or
- C. the agreements violate other requirements of the Commission, including, but not limited to, quality of service standards adopted by the Commission.

We make no determination as to whether the rates in these Agreements meet the pricing standards of Section 252(d) of the 1996 Act. Our consideration of these Agreements is limited to the three issues in Rule 4.1.4 of ALJ-181.

The Agreements are consistent with the goal of avoiding discrimination against other telecommunications carriers. We see nothing in the terms of the proposed Agreements that would tend to restrict the access of a third-party carrier to the resources and services of SBC.

DRAFT

Section 252(i) of the 1996 Act ensures that the provisions of these agreements will be made available to all other similarly situated competitors. Specifically, the section states:

“A local exchange carrier shall make available any interconnection, service, or network element provided under an agreement approved under this section to which it is a party to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement.”

We previously concluded that competition in local exchange and exchange access markets is desirable. We find no provisions in these agreements, which undermine this goal or are inconsistent with any other identified public interests. Hence, we conclude that the Agreements are consistent with the public interest.

We also recognize that no party protested the Advice Letter alleging that it was discriminatory, inconsistent with the public interest, convenience, and necessity or in violation of Commission requirements.

Several who commented on previous interconnection agreements sought assurance that the Commission's treatment of those interconnection agreements would not impair their rights and opportunities in other proceedings.<sup>3</sup> We wish to reiterate such assurances as clearly as possible. This Resolution stands solely for the proposition that Metropolitan and SBC may proceed to interconnect under the terms set forward in these agreements. We do not adopt any findings in this Resolution that should be carried forth to influence the determination of issues to be resolved elsewhere.

If the parties to these agreements enter into any subsequent agreements affecting interconnection, those agreements must also be submitted to the Commission for approval. In addition, the approval of these agreements is not intended to affect otherwise applicable deadlines. This Agreement and its approval have no binding effect on any other carrier. Nor do we intend to use this Resolution as a vehicle for setting future Commission policy. As a result of being approved, these agreements do not become a standard against which any or all other agreements will be measured.

In D.02-03-023 the Commission adopted a performance incentive plan that addresses performance beginning in April 2002. The performance incentive plans in these agreements are subject to that decision and the Commission affirms these agreements pursuant to the requirements of D.02-03-023 and any rulings or subsequent modifications of that decision.

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<sup>3</sup>A.96-07-035 and A.96-07-045.

DRAFT

With these clarifications in mind, we will approve the proposed Interconnection Agreement and Supplement A. In order to facilitate rapid introduction of competitive services, we will make this order effective immediately.

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

**Findings**

1. SBC's request for approval of an Interconnection Agreement and Supplement A between SBC and Metropolitan, pursuant to the Federal Telecommunications Act of 1996 meets the content requirements of Rule 4.3.1 of ALJ-181.
2. Per decision 01-10-017, Metropolitan Telecommunications, Inc. has an approved CPCN (U-6568-C), with the Commission, to provide facilities-based local exchange service in the State of California.
3. The Agreements requested in SBC's Advice Letter No. 26865 are consistent with the goal of avoiding discrimination against other telecommunications carriers.
4. We conclude that the Agreements are consistent with the public interest.
5. The Agreements are consistent with the Commission's service quality standards.
6. The performance incentive plans in these agreements are subject to D.02-03-023 and the Commission affirms this agreement pursuant to the requirements of D.02-03-023 and any rulings or subsequent modifications of that decision.

**THEREFORE, IT IS ORDERED** that:

1. Pursuant to the Federal Telecommunications Act of 1996, we approve the Interconnection Agreement and Supplement A between SBC California and Metropolitan Telecommunications, Inc. (U-6568-C) that was requested in Advice Letter No. 26865.
2. This Resolution is limited to approval of the above-mentioned Interconnection Agreement and Supplement A and does not bind other parties or serve to alter Commission policy in any of the areas discussed in the Agreement or elsewhere.

DRAFT

3. The Interconnection Agreement and Supplement A between SBC California and Metropolitan Telecommunications, Inc. (U-6568-C) are approved today subject to modifications required by Decision 02-03-023.
4. SBC California Advice Letter No. 26865, which requests approval of an Interconnection Agreement and Supplement A between SBC California and Metropolitan Telecommunications, Inc. (U-6568-C) shall be marked to show that it was approved by Resolution T-16940.

This Resolution is effective today.

I hereby certify that the Public Utilities Commission adopted this Resolution at its regular meeting on August 25, 2005. The following Commissioners approved it:

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STEVE LARSON  
Executive Director